

JOINT WAYS & MEANS AND FINANCE AND BUDGET  
CAPITAL BUDGET MEETING  
OF THE  
SUFFOLK COUNTY LEGISLATURE

Minutes

A joint meeting of the Ways and Means, Finance and Budget committee of the Suffolk County Legislature was held at the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, NY 11787 on Tuesday, May 29, 2001 in the Rose Y. Caracappa Auditorium at 10:00 A.M.

Members Present:

Legislator George Guldi, Chairman of Ways and Means  
Legislator Michael Caracciolo, Chairman of Budget and Finance  
Legislator David Bishop  
Legislator Cameron Alden  
Legislator Ginny Fields  
Legislator Martin Haley  
Legislator Andrew Crecca  
Legislator Maxine Postal

Also in Attendance:

Paul Sabatino, Counsel to the Legislature  
Legislator Brian Foley, District #7  
Fred Pollert, Director of Budget Review  
Jim Spero, Budget Review  
Susan Hodosky, County Executives Budget Office  
Theresa Lollo, County Executives Budget Office  
Pauline A. Mize, Airport Manager, Gabreski Airport  
Todd Johnson, County Executives Office  
Joseph Muncey, Budget Review Office  
Alice Amrhein, Commission of Economic Development  
Lance Reinheimer, Budget Review Office  
Sean Clancy, Budget Review Office  
Ellen Martin, Aide to Presiding Officer Tonna  
Jim Dobkowski, Aide to Presiding Officer Tonna

Minutes taken by:

Eileen Schmidt, Legislative Secretary

Joint Ways & Means and Finance and Budget Capital Budget Meeting  
commenced at 10:10 A. M.)

SALUTATION

LEGISLATOR ALDEN:

Okay, I notice some people here from our Budget Review, but also from the County Executives' Office. So, Legislator Crecca's here, do you have a presentation this morning?

LEGISLATOR CRECCA:

No, but I'm going to stick around.

LEGISLATOR CRECCA:

Ginny, do you want to do a presentation? Does anybody have a presentation for us that they'd like to make at this time? Jim, are you going to do a presentation? This is on the Capital Budget.

MR. SPERO:

Just a -- I'll just speak in very general terms and based on our review of the proposed Capital Program. As you know, long-term debt continues to increase over time and we're projecting that increase in our report. And one of the points we make is that the County Legislature should consider establishing some sort of a debt policy tying in the levels of debt you authorize with the amount of taxes you're willing to, to levy to support that debt. So creating a debt policy would be very beneficial for the County and it's also looked upon very favorably by the rating agencies.

LEGISLATOR ALDEN:

We had a sort of informal debt policy in that we'd like to keep retiring debt; I guess maybe an equilibrium between retiring debt and new debt. Wasn't that the sort of informal policy?

MR. SPERO:

Informally, yes, and we've been pretty much staying about the same amount of debt every year. However, debt is projected to go up especially in 2003 as we initiate construction on the new courthouse out in Griffing Avenue in Riverhead. That's 33 point some million dollars and the Riverhead County Center renovations are over \$19 million so we got some big projects in the works that are going to pump that figure up. There'll be a spike in the debt coming up in the next couple of years.

Another point we make is that the 5-25-5 law is not being fully implemented and they're still quite a few projects that are being funded with debt that should be funded on the pay as you go basis. And one of the things we re-revisited the 5-25-5 law and we noted that one of the criteria is that the project much have at least the five year useful life and we had been interpreting to say it has to have a life equal to five years. However, since -- if it has to have a five year a life of more than five years that means all the five year life projects have to been funded pay as you go. All the computer equipment, virtually all the equipment projects have to be funded on the pay as you go basis. So the Capital Program still has quite a few projects, equipment projects in it that were proposed to be funded with debt and we recommend doing that on pay as you go. The down side of that is you got to put the funding in the Operating Budget to provide the funding to complete the projects.

LEGISLATOR ALDEN:

I was just going to say, that we established about \$10 million in the --

MR. SPERO:

We're 10 now, if you wanted to go on a full pay as you go you'd need about 16, \$16 million.

LEGISLATOR ALDEN:

So that's something we should look for next year to put about 16 to 20 million in a pay as you go?

MR. SPERO:

As much as you can comfortably put in, you should.

LEGISLATOR ALDEN:

Okay. But you tag everyone of those resolutions that comes up that falls within the 5-25-5 you tag them --

MR. SPERO:

We will be because now every equipment, virtually every equipment computer purchased will be will have to be pay as you go basis. Also the Capital Program includes over \$30 million for construction of a new jail out in Yaphank, which will probably be in Yaphank.

LEGISLATOR CRECCA:

Is that slated for 2 --

MR. SPERO:

It's scheduled, yeah, for 2004.

LEGISLATOR CRECCA:

Okay.

MR. SPERO:

And the Yaphank facility is in pretty poor shape and our jail population is not going down although it's been better since the State's been taking the State ready prisoners in a more timely fashion, but --

LEGISLATOR CRECCA:

Jim, are there any -- oh, I'm sorry.

LEGISLATOR FIELDS:

(inaudible)

MR. SPERO:

Yes, it's at the Yaphank facilities really needs to be expanded and refurbished and the dormitory setting really isn't adequate for the needs of the Sheriff and housing the kinds of people that they're housing.

LEGISLATOR FIELDS:

Do we have a plan on how that jail should be built? Do we have a needs assessment of what we need in the jail?

MR. SPERO:

Well, the study was never completed. The jail, the Jail Utilization Committee never hired a consultant to really look at that so that's an open question at this point, just what we're going to build is an open question. Although I think by talking to some of the Sheriff's people they would like to see maximum security which is the most expensive to build, but they feel that that's what they need the most right now is maximum security.

LEGISLATOR CRECCA:

Are there any planning funds, I'm sorry it's on the same topic --

LEGISLATOR FIELDS:

We'll just both --

LEGISLATOR CRECCA:

We'll go back and forth, yeah. Count point and counter point, I guess, but --

LEGISLATOR FIELDS:

I think we're both on the same page though.

LEGISLATOR CRECCA:

Are there any funds in 2002 for planning on this project?

MR. SPERO:

The planning doesn't -- won't start until 2004.

LEGISLATOR FIELDS:

Who's in the Jail Utilization Committee, do we know?

MR. SPERO:

I'm not sure, I think it's chaired by Legislator Caracappa. I'm not sure of the makeup of the committee.

LEGISLATOR FIELDS:

Ellen, can we find that out?

MS. MARTIN:

Sure.

LEGISLATOR FIELDS:

Perhaps the direction could be from the Legislature to put that committee back together if they have not been meeting and have not come up with suggestions.

LEGISLATOR CRECCA:

There's a lot of, well, while we're off that topic for a second. There are a lot of sewer district projects that are set forth in the Capital Budget; what's the reimbursement? Aren't those funded from an outside source?

MR. SPERO:

Many of them are funded with connection fees and connection fees and sewer district serial bonds are the two primary sources of funding.

LEGISLATOR CRECCA:

But that's what I'm saying, they would be paid right out of the sewer districts themselves, right?

MR. SPERO:

Right. Well, since we have the new  $\frac{1}{4}$  cent program in place there'll be -- it should be sufficient funds available to stabilize sewer district rates into the future as various projects are implemented. So any debts service incurred if it's over the 3% minimum which rates have to increase to draw down the sewer funds then that extra money would come from the reserve to stabilize the sewer district rates.

LEGISLATOR CRECCA:

Jim, in looking -- as you guys have looked through the Capital Budget proposed by the County Executive have you seen any underlining themes or not necessarily? I'm talking about from the County Executive's point of view; I mean, I've examined it too and I don't see --

MR. SPERO:

No, there's no particular theme; the Capital Program is a conglomeration of many projects and many functional areas from Parks, Economic Development to maintaining our infrastructure and highways. So generally many of the projects are fully funded although notably some projects are not funded. The expansion of the Skill Nursing Facility wasn't included, the funding for an arthropod borne disease laboratory wasn't funded, and removal of the old Cooperative Extension building was not included.

LEGISLATOR CRECCA:

Any other projects that you guys can think of major projects that were not included?

MR. SPERO:

No funding has been included for the Open Space Preservation program that's been removed presumably in lieu of the fact that the new  $\frac{1}{4}$  cent program is in place.

LEGISLATOR CRECCA:

Do we have an estimate of what the new  $\frac{1}{4}$  cent program will produce money wise for land acquisition?

MR. SPERO:

About 13 million a year.

LEGISLATOR CRECCA:

They did include farmland preservation; I'm talking about the County Exec. then, right?

MR. SPERO:

Yeah, land, yeah, farmland and the preservation partnership are included.

LEGISLATOR CRECCA:

Legislator Fields, do you have any additional questions? And there are no cards that we received this morning --

MR. SPERO:

There's one other point I'll just make.

LEGISLATOR CRECCA:

Sure.

MR. SPERO:

Just to make sure that everybody's aware that the presentations change somewhat this year. The County Executive instead of showing just the County share of a projects' cost, this is particularly true in the highway area where the projects are very expensive. They're showing the full cost with the Federal aid included, however, the State is going to require the County to up front the Federal aid share of the cost for these projects some of which are very expensive. County Road 16, for example, is about \$60 million in total. So that's going to impact our cash flow and also makes land acquisitions and it'll really be incumbent upon the County to make sure we draw down these funds when we're eligible to receive them.

LEGISLATOR CRECCA:

Is that why he do you thinks that's why he presented the budget the way he did because of the T21, you know, the --

MR. SPERO:

Yes, it's also a more complete presentation of the projects cost it's more accurate.

LEGISLATOR CRECCA:

Do you know the number given of what represents if you look at the total Capital Budget he presented, do you know the number that represents bonds issued for other which will be getting reimbursement for, if you know?

MR. SPERO:

In 2002 we have State aid of 12.2 million and Federal aid of 13.4 million.

LEGISLATOR CRECCA:

That's about 25 million?

MR. SPERO:

Yeah, that's about, yeah, closer to \$26 million total.

LEGISLATOR CRECCA:

And then he's proposed a total of --

MR. SPERO:

It goes up to 34 million in Federal aid in 2003, 45.6 million in 2004 and 73.5 million is subsequent years. So we have a lot of expensive projects in the pike line being worked on by Public Works.

LEGISLATOR CRECCA:

In other words, the net effect of the County Executive's budget is that we're looking at 108.6 million --

MR. SPERO:

108.6 million total 71.4 million is Suffolk County serial bond funding.

LEGISLATOR CRECCA:

Very good. If there are no other questions.

LEGISLATOR FIELDS:

Fred, do you have anything else to add?

MR. POLLERT:

I apologize that I was late I got tied up on a phone call. Just at the Capital Program for 2002 did reduce the amount of estimated debt service from what has been shown in 2001, nevertheless as we had identified in the introduction to the report the growth in debt services has been increasing at a compound rate of nearly 9% per year over the last three years it's a substantial increase in that component of cost as Jim had identified. We're now going to have to do borrowings for the Federal government and one of the concerns which we had identified in our report is the capability of the County to adequately monitor and track the tens of millions of dollars worth of Federal aid which we're going to be front-end funding for other levels of government. There's a potential that was identified in the Comptroller's office report with respect to the Community College that the County could if we're not timely in claiming those tens of millions of dollars not be eligible for the aid. So, of concern to us was part of the budget process as well, how the Capital Program and how capital projects are monitored by both the Treasurer's office, Audit Control and the County Executive's office. At this point in time there's no centralized responsibility for the accounting for capital projects. And we just recently, I personally, just recently learned that the County's new Integrated Financial Management System that was put in a number of years ago even though it has a capital component to track capital projects, the County has never used that component of the Automated Financial Management System. So basically we have relatively large expenditures totaling more than \$100 million a year which are not being adequately monitored through the County's computer system.

LEGISLATOR FIELDS:

How can we change that?

MR. POLLERT:

That's something that we had been talking about for the last week or so in the Budget Review office. It really requires a concerted effort by both the Treasurer's office who does cash flow the Department of Audit and Control and the County Executive's office to work cooperatively together with whatever department is responsible for the receipt in the State or Federal aid to share data back and forth. Currently, when a Capital Project comes in it's loaded into the Integrated Financial Management System by the County Executive's office, but then the Treasurer's office actually does the cash management on a stand-alone computer system which no one else has access to. So that you can't see the amount of cash which is in a Capital Project; meanwhile departments don't necessarily tell the Treasurer's department what their cash requirements are nor the Department of Audit and Control, so it's not unusual to have short falls in Capital Projects. The Treasurer's office then advances fund from a pool of Capital Project money so the bills can be paid and if there is no pool of money because the Comptrollers office has not borrowed an adequate amount of money then advances are made from the General Fund. It's going to be particularly important with our responsibility to up front the Federal aid that that entire process be improved.

LEGISLATOR FIELDS:

Isn't that also, I think Legislator Crecca was at the meeting that Legislator Alden led regarding the Long Island Business - Long Island Visitors, what is it - LICVB where there was some difficulty in track money from the Treasurer's office to that bureau and there were some confusion?

MR. POLLERT:

You basically have the identical problem with the LIVCB that was a cash account with a

separate fund that was set up when the fund was over expended the Treasurer's office advanced funds from the General Fund. The same thing happens with Capital Projects; if departments don't tell Audit and Control there need for cash so that Audit and Control can borrow the appropriate amount of money then the Treasurer's office doesn't have enough cash to pay the bills. He then will have to borrow from the General Fund to pay the Capital Projects, which are then repaid when the bond float goes out six months later.

LEGISLATOR FIELDS:

So we need to be able to do something about that.

MR. POLLERT:

Yes. It's a major potential problem.

LEGISLATOR FIELDS:

Which is already was with LICVB.

MR. POLLERT:

It's more than a potential problem, yeah.

LEGISLATOR FIELDS:

Yeah. Ellen? We were just told that the jail, the committee that met on the needs of the jail will have another report it's a different formation, I guess of that committee and they should have another report in, the end of May, did you say? End of June; that's right this is the end of May.

LEGISLATOR CRECCA:

Further Jim, also jumping to a specific project 1125, which is the proposed renovations and improvements to the Cohalan Court Complex, the additional court rooms at Cohalan, which I know has not been funded, but in this years budget it was budgeted \$175,000 and I didn't see what that was for. What was the 175, if you know, do you know what that was supposed to be for?

MR. SPERO:

Mostly for building security improvements and other minor improvements to the facility.

LEGISLATOR CRECCA:

Okay.

LEGISLATOR FIELDS:

The \$800,000 planning part of it was not funded or it was?

LEGISLATOR CRECCA:

You're talking about --

MR. SPERO:

You're talking about Cohalan?

LEGISLATOR FIELDS:

Cohalan -- no the courtrooms.

MR. SPERO:

The funds for the planning funds for any expansion have been removed.

LEGISLATOR FIELDS:

Good.

MR. SPERO:

They're not in the program at this point in time, but there is funding for to purchase land from New York Tech. for a possible future expansion \$750,000.



LEGISLATOR CRECCA:

That's in 2002, though, I'm sorry 2003 or 2002?

MR. SPERO:

I'm going to check, I think that's a separate project. It's scheduled for 2002. We suggested that before we buy any land we consider expanding into the area now occupied by the lake if that's possible.

LEGISLATOR FIELDS:

That was a man-made lake?

MR. SPERO:

Yes.

LEGISLATOR CRECCA:

Yes, which we've drained.

LEGISLATOR FIELDS:

Is it used for any other purpose other than just being a lake? It's not run off from somewhere?

LEGISLATOR CRECCA:

No, it's actually, if I can it's actually it's a hobby of the County to make that lake bigger and smaller and fix leaks in it. The lake's been a nemesis if anything. Right, Fred?

MR. POLLERT:

Yes, I believe that at one time there was even a proposal to fence in the lake because of a liability problem with kids that would come to the courtroom falling into the lake. So there was a proposal to try to close it off at one time.

LEGISLATOR CRECCA:

It's gotten smaller, let's put it that way, and we're suggesting and one of the suggestions that BRO made which is not a bad suggestion is that we make it even smaller again. And if we do any expansion do it on that land that we already own.

LEGISLATOR FIELDS:

It's a great idea I think.

LEGISLATOR CRECCA:

It saves \$750,000.

LEGISLATOR FIELDS:

Okay.

LEGISLATOR CRECCA:

I don't think there are any further questions --

LEGISLATOR FIELDS:

I just want to get back to --

LEGISLATOR CRECCA:

Oh, I'm sorry.

LEGISLATOR FIELDS:

-- how we can try to figure out, I know we said there's a major problem with the borrowing and the Treasurer's office, I guess it's a communication problem or an integration with one computer to another, but how do we -- how can we possibly alter that? Can the Legislature in anyway help that process?

MR. POLLERT:

What I think would be a good first step is because we do not have a computer system that



monitors Capital Projects would be to include funding for that type of a computer program. There has been a lot of controversy about inclusion of funding for the payroll personnel system, but we currently have a payroll system, which is operating. We do not have a system for monitoring more than \$100 million worth of expenses including the cash on the Capital Projects. So a good first step would be to include funding for a unified computer system to do that type of monitoring.

LEGISLATOR FIELDS:

Do we know how much that might cost?

Legislator Haley arrived at 10:33 A.M.

MR. POLLERT:

No, because we need to have the groups get together to even define what they want to have included. When the Integrated Financial Management System went in years ago the County Executive's office was going to take the lead with trying to put together a capital program module. And the individual who was charged with that responsibility, Tom McAdam, went out under an early retirement program and that was kind of the end of trying to tie everything together. It really is necessary to have the three or four different groups sit down and come up with an RFP of what they required and then to go out to fine out whether or not they have any computer systems that could do the monitoring of the Capital Projects.

LEGISLATOR FIELDS:

Thank you. I just hate for there to be a problem and there be no solution so at least this way we could look to try to find the solution for it. Anything else that you --

LEGISLATOR CRECCA:

No.

LEGISLATOR FIELDS:

Marty?

LEGISLATOR HALEY:

No.

LEGISLATOR CRECCA:

Thank you, Budget Review.

LEGISLATOR FIELDS:

Thank you very much.

Meeting recessed at 10:35 A.M.

Meeting reconvened at 11:00 A.M.

CHAIRMAN CARACCIOLO:

The pledge of allegiance will be led by Legislator Haley.

#### SALUTATION

LEGISLATOR HALEY:

How many times are you going to do that this weekend?

CHAIRMAN CARACCIOLO:

We'll note for the record that the Finance Committee Capital Budget hearing meeting is taking place today at 11:00 A.M. and present is Legislator Haley. Present also Legislator Postal and Legislator Alden. Legislator Bishop has joined us. And Jim, since Finance unlike some other committees Public Works, etc. that have jurisdiction over certain departments could you give us kind of an overview from a financial perspective as to what this years Capital Program and Budget for the next three years entails. And what recommendations

this committee should consider from a budgetary perspective.

MR. SPERO:

Okay, if -- in our report we include a schedule where the County is going vis à vis long-term debt and on the schedule you'll see that long-term debt is going to be going up in the next few years. This is the debt that's in place if we do nothing. So you'll notice that especially when the next two or three years debts going to continue to climb and that's because there's enough authorized debt in the pipe line that's going to be spent over the next two, three, four years. So debt will rise and, of course, as expenses go up the Legislature has to fine the revenues to cover those expenses. So one of our suggestions is that the Legislature should consider establishing a long-term debt policy in tying in the amount of long-term debt we authorize to the level of taxation that the Legislature's comfortable with. Now we don't have a formalize plan and having such a formalized plan would be looked very favorably -- looked upon very favorably by the financial rating agencies because that is considered one of their best practices that a county or any municipal borrower can do to show that they're a good credit risk.

Another general recommendation we have is that the County's not fully complying with the 5-25-5 law. We revisited the law and found that projects that have a life equal to five years do not qualify for debt funding. It has to be more than five years. So virtually all equipment and computer purchases have to be paid for out of pocket if we're going to conform to the law. If we we're too fully implement the 5-25-5 policy you'd need about \$16 million in the Operating Budget to accomplish that. Right now we're at the \$10 million level, so a full implementation would require another \$6 million annually. And in conjunction with doing the pay as you go we suggest creating capital reserve funds. So it would take, let say, whatever pay as you go money we put in the Operating Budget put it in a capital reserve where it would be segregated and if it wasn't spent it would continue to be there to fund future projects as time goes on. This is also looked upon as a best practice for having a very significant impact on your credit rating.

CHAIRMAN CARACCILOLO:

So you've touched --

MR. SPERO:

We had them at one time, but we eliminated them.

CHAIRMAN CARACCILOLO:

You've touched on four areas, so let's break them down one by one beginning with the long-term debt service policy in this establishment of same. You say you don't have a particular recommendation, why not and what would it be that you would like the Legislature to consider?

MR. POLLERT:

Part of the reason that we don't have a specific recommendation, it's really a legislative policy option. It really needs to be integrated in with what the County Legislature's overall tax policy is; we do a multi-year operating budget forecast, but there's no component to tie in the level of debt service and the amount borrowing which is associated with some sort of a tax policy.

CHAIRMAN CARACCILOLO:

Are there models, Fred, other large counties, perhaps no only in New York, but elsewhere that we should take a good look at examination and perhaps consideration?

MR. POLLERT:

Yes. A few years ago you had us do some research on the State of Virginia, which has both a debt policy as well as sinking fund. What they do is they have very little debt because of what they do is they try to establish a sinking fund, much like a capital reserve account, which they fund to raise a certain amount of money every year and then they prioritize within that total envelope. Clearly, there's nothing that the Legislature can do short term because there's about \$200 million worth of borrowing in the pipelines; that's going to

happen probably over the next two or three years. Most importantly though and on page 31 of our report, we write up the fact that the County is now going to have to first instance fund T21 money. So the amount of Federal aid is increasing from \$7.6 million this year to 13.4 next year to \$34 million the following year to \$45 million in 2004 and \$73 million in subsequent years.

LEGISLATOR HALEY:  
(inaudible)

MR. POLLERT:  
So that we have to first instance fund all that --

LEGISLATOR HALEY:  
I'm lost.

CHAIRMAN CARACCILOLO:  
You said T21 Fund, correct?

MR. POLLERT:  
Yes.

CHAIRMAN CARACCILOLO:  
Okay, on page 31.

MR. POLLERT:  
Right.

CHAIRMAN CARACCILOLO:  
So if you could just draw it to the committee's attention, specifically, where your reference point is?

MR. POLLERT:  
Okay. Specifically, what the problem is, the Federal government makes funds available for highway projects. The State of New York is now said that they will no longer advance Federal funds to the County. The County now has to first instance fund all those Federal monies and then it will be the County's responsibility to claim the Federal funds that they have front-end loaded. In addition to that, the State has also said that they will no longer do land acquisitions on highways; that will now be the County's responsibility, nor will they project management that will also be the County's responsibility. So this Capital Program reflects for the first time the County showing that large amount of Federal money, so we're not only going to have to borrow our serial bonds, we're going to have to either issue bond anticipation notes or revenue anticipation notes for tens of millions of dollars worth of Federal funds and then we're going to have to claim it after the fact.

CHAIRMAN CARACCILOLO:  
In this presentation in this budget is that reflected?

MR. POLLERT:  
It's just shown in the County Executive's schedule, which now shows that we have to borrow the Federal funds, but it does not reflect in this chart.

CHAIRMAN CARACCILOLO:  
From a practical standpoint, what is the import of this change in direction of policy by the State?

MR. POLLERT:  
We're going to have to borrow over the life of the Program more than a \$100 million to front-end Federal funds and then hope that the department's claim those funds in a timely fashion. The Comptroller's office indicated that the Community College didn't do a lot of the

claiming. This will be the responsibility of the Department of Public Works, a responsibility it never had before to claim huge amounts of money to make sure that we can repay the bonds that we have front-ended.

CHAIRMAN CARACCIOLO:

Does that require additional personnel?

MR. POLLERT:

I don't know; we haven't detailed out how this change at the State level is going to impact Real Estate or the Department of Public Works. We know that there will definitely be an impact that they will require additional resources, but we don't know what the grade levels are. I'm not so sure the department knows at this point in time.

CHAIRMAN CARACCIOLO:

Okay, in terms of this budget for the next three years, --

LEGISLATOR HALEY:

Mr. Chairman?

CHAIRMAN CARACCIOLO:

Yes.

LEGISLATOR HALEY:

May I interrupt?

CHAIRMAN CARACCIOLO:

Let me just finish the quick question then I'll be happy to yield. In terms of the three year budget before us, does this budget reflect the change in State policy with respect the T21 money.

MR. POLLERT:

Yes, it does.

CHAIRMAN CARACCIOLO:

Okay. And what is the impact, you know the monetary impact?

MR. POLLERT:

The monetary impact is that we will have to issue approximately \$150 million to front-end Federal funds.

CHAIRMAN CARACCIOLO:

Okay. And where is that reflected in terms of your review here?

MR. POLLERT:

On page 31 of our report we speak to problems that we have with cash management in the capital expenditures to begin with. Those cash management problems will just be exacerbated by the fact that we now have to front-end all this Federal money.

CHAIRMAN CARACCIOLO:

If you go back to table four on page 28 where you show expected serial bond issues over the next four years. You indicate here that this year that there be approximately 85,800,000 and I'll just round off 78 million next year, 97.5 - 2003, 103 million 2004. Does this reflect the changes you just spoke of?

MR. POLLERT:

No, it does not and the reason --

LEGISLATOR HALEY:

Neither does the chart.

MR. POLLERT:

What? Neither does the chart and the reason for that is the Comptroller's office won't be issuing serial bonds; it will either issue bond anticipation notes saying that they will be reimbursed by the Federal government or revenue anticipation notes saying that the revenues will be coming in.

CHAIRMAN CARACCIOLO:

Go ahead, Marty.

LEGISLATOR HALEY:

Why would they do bond anticipation notes? If they do revenue anticipation notes and we apply immediately, hopefully, will the Federal government just give us cash to retire those, those borrowings?

MR. POLLERT:

Part of the reason based on discussions with people in the Comptroller's office that they don't want to do the revenue anticipation notes is it's an unusual bond instrument. The financial community is not that familiar with revenue anticipation note number one, but more importantly they are not convinced that the department and the Federal government will be timely in processing the claim and sending us the cash. So if a revenue anticipation note, of let say \$30 million, is coming due and the revenues hasn't come in yet then the General Fund would have to pick it up. With a bond anticipation note we can roll it out for a longer period of time if the revenues don't come in.

LEGISLATOR HALEY:

Right, but you float those bonds so that they can be redeemed at anytime?

MR. POLLERT:

They could be, yes.

LEGISLATOR HALEY:

All right. Thank you.

CHAIRMAN CARACCIOLO:

Fred, just to continue on this \$150 million impact, financial impact, as you note on page 31 of your report. The County will have to first instance fund land acquisition and construction, which you've mentioned. The Department of Real Estate and Planning Department will have the responsibility of undertaking the land acquisition for major T21 projects, that function was formally administered by the State. And finally, Public Works will have to administer, monitor and inspect construction phases of these projects, that function was formally done by the State.

Then you go on to give one example, but in the preceding paragraph you indicate that the County is negotiating with the State as to what existing projects will be immediately impacted and it is likely that all projects will be affected. Is that what the \$150 million reflects?

MR. POLLERT:

Yes, but that's just our front-end funding. What we speak to with the little bullets there, all directly impact our Operating Budget. So when the 2002 Operating Budget is submitted by the County Executive's office he's going to have to build resources into Planning into Real Estate and into Public Works to be able to do their project management and to be able to do the land acquisitions. If we don't do the land acquisitions the projects are never going to progress as anticipated. So specifically what the bullets talk to is that Operating Budget impact which we've not completely defined at this point in time.

CHAIRMAN CARACCIOLO:

Okay, that really answered the question. Then you have not had an opportunity to fully price out what the full financial impact will be.

MR. POLLERT:

Right and neither have the departments.

CHAIRMAN CARACCILOLO:

(inaudible) Legislature adopting or modifying this proposed through your Capital Program Budget. What should we be taking into account in terms of your report sighting this change in State policy that now falls on the shoulders of County government?

MR. POLLERT:

Well, one of the concerns and part of the reason that we wrote up that portion of the report that begins on page 31 is, when the County put in it's new Integrated Financial Management System they had a module for the Capital Program, but it was not a good module and it was never the intent to use the module. Tom McAdam who retired, probably five years ago, was going to work with the Treasurer's office and Public Works and his department to try to put together a program that could track Capital Projects. He then retired; the meetings never took place outside of one meeting. So at this point in time we don't have a computer tracking system for the entire Capital Program process. It's going to be really critical that we develop such a program before we have to start to up front tens of million of dollars worth of Federal aid. At this point in time the Treasurer's office, if the Treasurer runs out of cash for a Capital Project he advances the cash from other Capital Project's. If there is no money in the Capital Project pool he borrows from the General Fund; that's basically what happen with the LICVB. They got an advance from the General Fund; he's now going to be doing advances from the General Fund to the Capital Program and then repaying the General Fund when the bond issue goes out. So clearly because we now have to up front even more cash it's really imperative that we come up with some sort of a good tracking system for how we're spending hundreds of million of dollars worth of bond issues as well as Federal aid.

CHAIRMAN CARACCILOLO:

Specially though, what would you like the Legislature to do to redress this situation?

MR. POLLERT:

Having minimum, the departments such as Public Works, County Executive, Treasurer and the Department of Audit and Control should sit down together and come up with an RFP to construct, to buy, to build a computer system that adequately tracks cash in Capital Projects.

LEGISLATOR HALEY:

(inaudible)

MR. POLLERT:

Something.

CHAIRMAN CARACCILOLO:

That was to develop a model to track cash?

MR. POLLERT:

In the Capital Projects part of the difficulty is it's a complex process, but Public Works just to pick on them, they have to tell the Department of Audit and Control twice a year what their cash requirements are for all the Capital Projects for the next six months. If a project moves ahead faster, the Comptroller will not have borrowed funds for that project, but Public Works continues to pay bills against that project even though there's no cash. They send the bills to the Treasurer's office, he has to come up with the cash, but the Comptroller has never borrowed the cash because Audit and Control didn't know that they had to borrow the cash. So there's a tremendous amount of confusion back and forth with advancing the funds and making the account whole. It needs to be even more than a two-year model. It needs to be a tracking system that actually keeps track of where the cash is.

CHAIRMAN CARACCILOLO:

Okay. The next item that Jim mentioned was 5-25-5 compliance and the short fall that will exist in the Operating Budget.



MR. POLLERT:

They're really two problems, the first problem relates to, once a project is approved neither the department nor Audit and Control monitors expenditures to make sure that they conform with 5-25-5. So when we looked at, let say like the Health Department {IDX} project, we're using bond proceeds that are going to be out for five or ten years to pay for \$20 phone calls, to pay for travel; that clearly doesn't fall under 5-25-5. So one problem is both the department is, as well as Audit and Control as well as the Executive office need to monitor expenses against Capital Projects to make sure that they're really 5-25-5. Problem number two is a lot of re-occurring projects need to be funded with pay as you go money. We had identified for 2002 about \$12 million, 16 million in total that should really be funded with re-occurring projects. We have, you know, relatively small projects like the bus shelters with \$15,000 worth of serial bonds that should really be pay as you go cause it doesn't even meet the 5-25-5 requirements. So in total, if you took all those projects it would reduce the amount of the debt service, but it would increase your Operating Budget impact for 2002.

CHAIRMAN CARACCILOLO:

Any questions on that?

LEGISLATOR CRECCA:

None on that.

CHAIRMAN CARACCILOLO:

Okay. Fred, then we'll go to pay as you go in Capital Reserve recommendations.

MR. POLLERT:

Capital Reserve Funds do not lapse at the end of the year. They are almost identical to Tax Stabilization Reserve accounts. It can only be used for Capital Projects, so if you put \$10 million in the Operating Budget if the money is not spent it closes to Fund Balance. If you took the same \$10 million put it into a Capital Reserve account, if it wasn't spent it would continue year after year. It would be identical to the District Attorney's Capital Prosecution Fund. Years ago, the County use to have a Capital Reserve account and then during the financial crisis with the previous administration they were wiped out, but we always use to have Capital Reserve accounts where the Legislature would include funds and it would just carryover from year to year to year.

LEGISLATOR HALEY:

Question.

CHAIRMAN CARACCILOLO:

Legislator Haley.

LEGISLATOR HALEY:

Pay as you go is usually identified with specific projects, right? So what you're saying that if they don't expend those monies within that year you're going to put it in the Capital Reserve?

MR. POLLERT:

What actually happen is that rather than just including it as a line item in the Operating Budget for transfer to the Capital Fund that it actually be put into a Capital Reserve account. So if for instances the Legislature put in \$10 million into a Capital Reserve account it could not be used for other purposes. We have drafted resolutions this year that have used that pay as you go money as an offset for really Operating Budget types of expenses. It's really not --

LEGISLATOR HALEY:

So what you're saying is that under the pay as you go they're specific projects under pay as you go that were dropped or just by policy, by action, by somebody, by a Legislator simply using it as an offset killed that project?



MR. POLLERT:  
That's correct.

LEGISLATOR HALEY:  
Or it could have been a change on the Executive side where they felt that they didn't want to expend those monies, pay as you go?

MR. POLLERT:  
That's correct.

LEGISLATOR HALEY:  
So, I mean, historically how much money have we seen in pay as you go, recent history, that has been leftover at the end of the year?

MR. POLLERT:  
Last year there was I -- probably less than two or three hundred thousand dollars, but what is important is not that the money is left over, but that we're not being requested to draft resolutions to take money out of pay as you go and use it to fund Non-Capital Projects.

LEGISLATOR HALEY:  
Well, you know, that that could continue to happen if you had a policy of establishing a Capital Reserve Fund, right?

MR. POLLERT:  
Years ago, we use to have a Capital Reserve account; you just require legislation to, in fact, re-establish it again.

LEGISLATOR HALEY:  
I don't understand how -- why would you have it established, why would it have to be re-established; wasn't that a matter of policy?

MR. POLLERT:  
Just like the Tax Stabilization Reserve account had to be established with a legislative resolution, so we might be able to use a previous resolution, I don't know. But generally with a reserve account it requires some sort of affirmative action that a reserve account is going to be established.

CHAIRMAN CARACCILOLO:  
Fred, continue.

MR. POLLERT:  
Had to think -- really deal with the broadest policy issues, which we have included in our report.

CHAIRMAN CARACCILOLO:  
Okay. I still have a concern about this \$150 million that you're saying, it's a situation where there's going to be a monetary impact; we're going to go out and borrow the money, it's going to increase our overall Capital Program and Budget. I mean, significantly, which means it will have a significant tax impact, but we sit down and work through the amendments on this program that's before us, before adoption is this something that you intend to bring to this committee and other committees and I understand there's an Omnibus committee being formed or has been formed to address this issue?

MR. POLLERT:  
Yes, we intend to bring up our concerns with respect to cash management of Capital Projects and how the Federal requirements to front-end the cash are going to impact on the County system which is basically non-existing at this point in time.

CHAIRMAN CARACCILOLO:

What is it there is a down side to not addressing that at this time given this policy change?

MR. POLLERT:

The down side would be that the County up fronts the Federal aid and that the County is not timely in processing claims and we never receive the aid that we have up fronted. So there are one or two large projects -- Horseblock Road is a project, which will include approximately \$60 million worth of Federal aide. So if we're not timely in processing that the County is paying what the Federal share is and clearly the County has had problems with doing claiming in the past be it Hurricane Gloria or the wild fires or the TWA disaster. So it's a convoluted process something which we have never been involved with before and something with which any claim form could fall between the cracks and then the County would be out the cash.

LEGISLATOR HALEY:

(inaudible) it could be delayed.

MR. POLLERT:

No, it could be rejected because it would not be timely.

CHAIRMAN CARACCIOLO:

So specifically now how would we implement a policy to make certain something like that were not to take place?

LEGISLATOR HALEY:

I have an idea.

CHAIRMAN CARACCIOLO:

Let Budget Review give us their idea.

MR. POLLERT:

Clearly, you need to assign responsibility, accountability and have a tracking system that both Audit and Control, the Treasurer and the Budget office most importantly can happen tap into to insure exactly where that claim is and when the cash is going to be coming in on the claim. You don't want to have bond outstanding saying that we're going to repay \$20 million worth of bonds in two months if the form has not gone in on the aid yet. So there has to be some sort of integrated financial tracking system that shows who has responsibility of doing the claiming and where we are in this entire claiming process.

CHAIRMAN CARACCIOLO:

And that's your recommendation at the bottom of page 34, but ultimately how do we in the Legislature insure that other departments with independently elected officials like the Comptroller, Treasurer, County Executive's office carry out a policy once you give them the tools to do that?

MR. POLLERT:

That's a good question, I really don't know the answer.

LEGISLATOR HALEY:

I have an idea.

CHAIRMAN CARACCIOLO:

In terms of being forewarned and forearmed when were we notified of this policy change?

MR. POLLERT:

I'm not sure when the individual departments were informed. We only came and found out about it as we were doing the Capital Program Review. So I would imagine it was within the last two to three months or so if I had to speculate a time line.

CHAIRMAN CARACCIOLO:

And it's effective immediately?

MR. POLLERT:

Well, they're going to begin to do the negotiations now with the projects that are currently underway or the County's responsibility is going to be what the State responsibility going to be. So right now there's a negotiation process.

CHAIRMAN CARACCILOLO:

So ultimately while we are putting together a model and seeking into departmental cooperation some of these projects maybe put on hold.

MR. POLLERT:

Now I believe the County will be responsible for doing the first instance funding. I believe that the negotiation is with respect to project management and the land acquisitions, but I believe at this point in time we are going to be responsible for doing the first instance funding. Those projects will start to come most notably next year and will continue to accelerate until you hit 2005 and 2006 where the County will be responsible for nearly \$70 million worth of federally aided projects.

CHAIRMAN CARACCILOLO:

In terms of the Capital Reserve Fund, what would be an amount that you believe should be funded for that purpose?

MR. POLLERT:

Currently, you're funding \$10 million for the pay as you go; between \$10 to \$16 million we had identified a total of \$16 million if you did everything pay as you go on the reoccurring projects. But clearly any dollar amount between the 10 to 16 would be a good start to start to fund the pay as you go through the capital process.

CHAIRMAN CARACCILOLO:

That would represent on an annualized basis about 10% of you indicate in that chart on page 28 of annual expenditures per Capital Programs. That you believe would be sufficient enough to satisfy demands by rating agencies that we have such an account and that would be funded properly?

MR. POLLERT:

Between \$10 to \$16 million, yes.

CHAIRMAN CARACCILOLO:

Between how much?

MR. POLLERT:

Between \$10 to \$16 million per year.

SPEAKER:

(inaudible)

CHAIRMAN CARACCILOLO:

No, we're talking about the Capital Reserve.

SPEAKER:

(inaudible)

CHAIRMAN CARACCILOLO:

Capital Reserve. Yeah, the number are almost the same cause he did say earlier with respect to pay as you go -- oh, with the 5-25-5 rather then the numbers were \$10 and \$16 million.

MR. POLLERT:

Right. So basically what our recommendation is, is that the pay as you go projects would be

funded through the Capital Reserve account and not flow through the Operating Budget with a transfer back and forth, but they'd just be funded through the pay as you go portion of the Capital Reserve account. It's not that unusual because years ago the County had an obligation to fund all projects with a 5% local match. They never allowed us to bond 100% of a projects cost, so years ago when we were funding 5% of a project it also came out to about \$10 to \$15 million per year.

CHAIRMAN CARACCIOLO:

Legislator Haley.

LEGISLATOR HALEY:

So if we have a \$10 to \$16 million pay as you go, but if we put it immediately into a Capital Reserve fund then it would be more difficult for Legislators to play with it.

MR. POLLERT:

It would be more difficult to be used as an offset or it would be more difficult not to expend.

LEGISLATOR HALEY:

Ah, sounds like a plan. I have a way of dealing with the first funding, I think if we just simply set and establish a policy then in absence of a tracking system that we won't fund it.

CHAIRMAN CARACCIOLO:

Fred, would you like to comment?

MR. POLLERT:

Generally, it takes somewhere between five years plus to actually get the Federal aid and there's a significant amount of Federal aid. We could definitely do that, but then you jeopardize the aid going to other projects in other counties as opposed to in the County. It would be a lot easier or a lot better if you want to continue to capture the aid just to put in some sort of a tracking system. One of the difficulties it's not just, not just the aid that we have problems with, but it's actually the cash balances in all of the Capital Projects. So the problem is going to get compounded with the Federal aid, but right now we don't know what the cash balances are in a lot of capital projects. So we're advancing funds from the General Fund, that means that the General Fund has to increase the size of the TAN borrowing and the { deTan } borrowing in the fall to be able to have enough cash to make Capital Projects whole.

CHAIRMAN CARACCIOLO:

Legislator Postal, do you have any questions on any of these four issues, long term debt service policy, 5-25-5 compliance, pay as you go, and Capital Reserve, right? Then we'll move on, Fred. In terms of individual projects and/or other issues that this committee should be concerned with, is there anything you'd like to bring to its attention?

MR. SPERO:

Just speaking on this projects specific basis this over \$30 million included for a jail expansion in Yaphank, the exact type of jail to be constructed hasn't been determined yet, but that's in the program schedule for 2004. So that's a major project that's coming up. The program continues to include funding --

LEGISLATOR HALEY:

You had recommendations on that too, right? Yaphank facility has been in , you made recommendations in the past concerning that Yaphank facility?

MR. SPERO:

Yes, but the need is clearly there for a new expanded facility.

LEGISLATOR HALEY:

Expanded, it's a combination, right? Expanded and renovated or just expanded?

MR. SPERO:

That's correct, both. We will be doing renovations right now; this monies been appropriated to make renovations to the facility as we speak. However this would renovate some of the dormitories, eliminate two of the dormitories that a literally falling apart and then create a new facility of medium or maximum security depending on what's needed.

CHAIRMAN CARACCILOLO:

Now one of the issues with Yaphank being considered as a site as opposed to Southampton where the existing jail siting is, there isn't much more room in Southampton for build out.

MR. SPERO:

That's right.

CHAIRMAN CARACCILOLO:

You run into wetland and D.E.C. issues correct?

MR. SPERO:

That's the problem with the expanding in that area.

MR. POLLERT:

Part of the recommendations of the Budget Review office previously were prior to doing a major expansion of \$30 million. You really need to fine out if you need dormitories, if you need medium security, if you need maximum security how many jail cells for men versus women and what the long term forecast is because you want to be able to construct with at least a five or six year time horizon. So the best of my knowledge you RFP to do that type of study was approved the Legislature, I believe, about three years ago, but hasn't yet gone out. So now we've included the funds, but there's not specificity with respect to exactly what's going to be constructed in Yaphank.

CHAIRMAN CARACCILOLO:

Let's talk about that study because you did make reference in your report to that study and the County Attorney's office and the Sheriff's office etc. so just briefly state what the problem has been with implementation of that RFP.

MR. POLLERT:

The legislative resolution formed a committee that was chaired by Joe Caracappa who had several meetings; the Sheriff's department went off to write an RFP to do a demographic study and to do a forecast of what the requirements were. The Sheriff's office did the RFP, they forwarded to the Law Department for review, the Law Department had, I believe, 21 specific objections. The Sheriff's Department wrote back and said they would like the participation of the Law Department prior to rewriting it so that they didn't go through this continual process of writing things and rewriting things and have them rejected. The Law Department never responded and the RFP never went out.

CHAIRMAN CARACCILOLO:

So at this point in terms of having some action taken what is it that the Legislature should do to get the Department of Law to do its job?

MR. POLLERT:

That's a legal question, you already have a resolution, which was adopted that required the RFP to go out, I believe, two years ago. Don't know exactly how you direct the Law Department to participate and the Sheriff's Department to complete the RFP.

CHAIRMAN CARACCILOLO:

Well, it's clear that the intent of the Legislature is being denied by the unwillingness of one department, the Law Department to carry out its mandate. Is that an accurate statement?

MR. POLLERT:

That appears to be the case.

CHAIRMAN CARACCILOLO:

Well, we'll have to take that up at another date cause it's really not the subject of this hearing and this meeting, but clearly in terms of the jail utilization study that is an important aspect of county government. We've been in a situation many times where we've had overcrowding and recently we've been fortunate to have settlement with the State on issues and reimbursement, but the fact remains that on a daily basis we are still over the State legal mandate. And in terms of this Capital Project, which is vague in scope, you know, it seems to me that we really need some coordinated comprehensive plan here before we proceed. And this utilization study, you would think, would be an integral part of what it is that we need and where we need it. Just let me before I conclude, we always have concerns in the Legislature with respect to dredging and funding for dredging. Although it doesn't impact my district nearly as much as it does others, it's still something that I've always been very concerned about and sympathetic towards, so what is the status of dredging funds in this new program?

MR. SPERO:

The program includes a million dollars a year in serial bonds for dredging projects. As you know, the smaller projects a \$100,000 and under have to be paid on a pay as you go basis. So major dredging projects would be accomplished through the Capital Program.

CHAIRMAN CARACCILOLO:

Are there any major projects anticipated?

MR. POLLERT:

Yes.

MR. SPERO:

Now we have a schedule on page 297, which shows what's in the pipeline. Prices, we don't have the prices on these projects, but these are the things Public Works is currently looking at.

CHAIRMAN CARACCILOLO:

I would note again that these projects are not in my district, but I know it happens. Legislator's who are not mindful of portions of their district where these projects occur from time to time suddenly become blindsided by the fact that they have a need and they don't have funding for it. So I would encourage Legislator Foley as he has done in the past to be very diligent that his committee to make certain that --

LEGISLATOR HALEY:

May I make a suggestion too?

CHAIRMAN CARACCILOLO:

Yes.

LEGISLATOR HALEY:

What I did, I think it was last year I found out in Mount Sinai Harbor, Legislator Foley, that there was no D.E.C. permit. D.E.C. permits are good for ten years, apparently, to do dredging. So we spent the money and I had the entrance to Mount Sinai Harbor surveyed and it seemed to be in pretty good shape, but if there was, you know, a good Noreaster or something it could close that up in a heart beat. But in absence of that survey and absence of a D.E.C. permit should that storm occur, then we'd have a major problem. So my suggestion to Legislators is if you looked at these possible dredge locations I would -- question I would have is whether or not there is are standing D.E.C permits.

LEGISLATOR FOLEY:

It's a point well taken and one of the issues we will be taking up at tomorrow's Public Works committee meeting is that very point with dredging and the permit process. Many times we hear that from the department that the permits have not been approved yet. And yet they ask a series of questions to get the answer that you're looking for and the fact of the matter is many times they won't automatically submit the permit application for the next ten years.



LEGISLATOR HALEY:

So I better check on Mount Sinai.

LEGISLATOR FOLEY:

Yeah. So those things have to be check on a regular basis and you would think they would do that, you know, automatically, but many times as we find out in other areas of County government things that should be done automatically aren't. So it's a point well taken, so we'll take it up at tomorrow's committee meeting.

CHAIRMAN CARACCILOLO:

Fred, to go in some environmental areas quickly, in terms of the Land Partnership Program and the other environmental programs could you just give us a quick summary?

MR. POLLERT:

The ¼ Cent Program will clearly be funded through the Operating Budget. They do have two programs, one is a Farmland Program, which is funded in the amount of \$2 million per year, that's Capital Project 8701 and the Land Preservation Partnership is \$6 million per year.

CHAIRMAN CARACCILOLO:

Has the Parks Department submitted any requests for material supplies and equipment to carry out what will become in January the County's ambitious Organic Maintenance Program for buildings, grounds, and golf courses?

MR. POLLERT:

Now those would probably be operating cost expenses.

CHAIRMAN CARACCILOLO:

Because?

MR. POLLERT:

Because we would not be capitalizing those types of things like fertilizer that type of stuff.

CHAIRMAN CARACCILOLO:

Something about the equipment to apply, you know, it's a different process.

MR. POLLERT:

It's a pay as you go because of the 5-525-5 law most if not all equipment has a life of less than five years, therefore, would have to be funded through the pay as you go.

CHAIRMAN CARACCILOLO:

Okay. And finally from my standpoint is the Affordable Housing Program. What can you share with us about that?

MR. POLLERT:

That includes \$5 million this year, I believe it's five next year and then ten following year and then nothing in subsequent years.

CHAIRMAN CARACCILOLO:

How is this program going to be implemented? I've had request from several towns who feel that the County is dragging its' heels with implementation. What can you tell us about the policy direction and implementation of the program?

MR. POLLERT:

Very little. There are two components of it; there's one, which is funded with the Shoreham funds, which are included in the Operating Budget that's been put into a separate account.



And then the other one is through the Capital Program to the best of our knowledge no guidelines have been established yet with respect to how we're going to be implementing the program. So nothing has been expended.

Recording tape had to be turned over.

CHAIRMAN CARACCILOLO:

What Legislative committee would have oversight over this program, Fred?

MR. SPERO:

The Land Acquisition committee would or Ways and Means.

LEGISLATOR BISHOP:

(inaudible)

CHAIRMAN CARACCILOLO:

Affordable housing.

MR. SPERO:

Affordable housing.

CHAIRMAN CARACCILOLO:

Cost \$20 million for land acquisition.

LEGISLATOR BISHOP:

(inaudible)

CHAIRMAN CARACCILOLO:

Well, we know that, that's why we're trying to find out why. I mean, we implemented this program over a year ago, you know.

LEGISLATOR BISHOP:

(inaudible)

CHAIRMAN CARACCILOLO:

You know I think it's, it's a lot more than just because we haven't hired somebody to be the director of the affordable housing program.

LEGISLATOR POSTAL:

Can I just say something?

CHAIRMAN CARACCILOLO:

Go ahead.

LEGISLATOR POSTAL:

I really have some idea about what's going on with this. And even though there's nobody who's doing that specific job it's my understanding that there have been some applications or at least one application that I know of and it's being -- this is kind of being overseen by George Gatta and Community Development. So that it depends on where it's coming from. I really don't think this is Land Acquisition, you know, I really think this is more Ways and Means because it's land acquired for a different purpose from, I think, the mission of Land Acquisition. But I do know that with regard to an overall plan I know that we're waiting for plans to come in from the towns for example, funding and there's only on town that has a plan in the works which is the Town of Babylon. And I also know that there is another project, a housing -- affordable housing development application that's been submitted for funding through Community Development. So I know that those are moving, but they're moving very slowly.

LEGISLATOR HALEY:

Mr. Chair.

CHAIRMAN CARACCILOLO:

Yes.

LEGISLATOR HALEY:

There's an awful lot of components to affordable housing and it could be put together in a number of ways. One of which is the County simply just providing properties in partnering with not for profits to build affordable housing. Affordable Housing Corporation of the State of New York could provide, you know, subsidies for people who meet those criteria based on median income levels established by HUD. There's a whole lot of ways of approaching it, so the \$20 million could affect affordable housing in a lot of ways not just land acquisition it could be problematic. So it's complicated and I don't know that anybody's established an approach to it yet.

CHAIRMAN CARACCILOLO:

Yes, Legislator Postal.

LEGISLATOR POSTAL:

At the risk of beating a dead horse, we had looked at this and Legislator Haley is absolutely right that in some case actual acquisition of land was not the most appropriate way to utilize that funding. So that there is under, I guess, the broader structure of the comprehensive statute the ability to rehabilitate property, County owned property in just the way that Legislator Haley suggested. And it's my understanding that what we're actually waiting for is a plan from each town to come in to be approved by the Legislature with a specific amount of funding attached to that plan and as I say, you know, the Town of Babylon has a plan. I know that we've met with George Gatta. I think the final specific's are being put into that plan, but I would really suggest that with regards to the towns it might be helpful to outreach to the towns so that Legislators could communicate with the towns and their legislative districts to make them aware of the existence of this program and help them to come up with a plan so that they can access some of this funding.

CHAIRMAN CARACCILOLO:

Okay. Fred is there anything that you would like to add before we close?

MR. POLLERT:

Just two projects very quickly, one of which deals with the courts. The planning funds have been taken out of the proposed Capital Program for the expansion to the Cohalan Court Complex, but funds have been included for the purchase of land for the future expansion. And number two, with relationship to the courts it was our understanding that the Cooperative Extension Building was to be taken down to provide for parking, however, no funds have been included for that purpose.

CHAIRMAN CARACCILOLO:

Okay. Anyone else on the committee like to address Budget Review? Is there anyone in the audience that wanted to address the committee that may have arrived late? No. Okay. That concludes this hearing. Thank you.

(Having no further business the Joint Ways & Means and Finance and Budget Capital Budget Meeting was adjourned at 11:55 A.M.)

{ } denotes spelled phonetically.